South Bay Cities Council of Governments

August 23, 2018

TO: SBCCOG Board of Directors

FROM: SBCCOG Transportation Committee

RE: SBCCOG Transportation Update –June 2018

Adherence to Strategic Plan:
Goal A: Environment, Transportation and Economic Development. Facilitate, implement and/or educate members and others about environmental, transportation and economic development programs that benefit the South Bay.

FEDERAL

U. S. Senate Bans Transit Rail Car & Bus Procurements from Chinese-Owned Companies
The U.S. Senate on July 31st agreed to a one-year ban on any procurements of mass transit rail cars or buses from companies owned or subsidized by the government of the People's Republic of China, if the procurement uses any Federal Transit Administration formula or bus funding.

L. A. Metro procured rail vehicles and electric buses from two Chinese manufacturers (CRRC and BYD) last year. The rail car contract has options for subway cars used by Metro on the Red and Purple Lines. This restriction on use of federal formula funding may become important as Metro implements its planned conversion to electric buses and expands its rail network by 2028.

An amendment by Sen. John Cornyn (R-TX) was adopted by voice vote as part of a bipartisan "manager's package" of 40-odd amendments to the four-bill "minibus" appropriations measure for fiscal 2019 (H.R. 6147), which includes the annual Transportation-HUD appropriations bill. The Senate language is a more refined and precise version of language that is already included in the version of the legislation reported in the House of Representatives (H.R. 6072).

The Senate prohibition narrows the House version by only banning funding from the urbanized area formula (§5307), rural area formula (§5311), state of good repair formula (§5337) and bus and bus facility grant (§5339) programs (formula and discretionary), not other FTA programs. Notably, this leaves open the possibility that Capital Investment Grant program (§5309) money for future new starts, small starts, or core capacity projects could be used for Chinese rolling stock or buses. (If the Trump Administration agrees to sign any new funding agreements for such projects in 2019.)

Although the Senate prohibition only applies to contracts executed after the date of enactment of the Act (which is on pace for late September or early October), the House language appears to be retroactive. But the Senate prohibition also prevents the expansion of existing contracts executed prior to the date of enactment to include any more rolling stock vehicles or railcars than were in the contract already (including all options).

House GOP Leader Releases "Discussion Draft" For New Federal Transportation Bill
Bill Shuster, the outgoing chairman of the House Transportation and Infrastructure Committee, released a 108-page infrastructure proposal on July 23rd that he hopes can serve as a "discussion draft" for a new federal transportation bill. Shuster, who will be retiring at the end of the 115 Congress, doesn't only focus on transportation. His proposal also dives into a range of programs related to water infrastructure by reauthorizing the Water Infrastructure Finance and Innovation Act, or WIFIA.

In Shuster's new proposal, the federal gas tax would increase by 15 cents per gallon (20 cents for diesel) over three years, then be indexed to inflation. In a curious acknowledgement of the declining revenue being generated by federal fuel taxes, Shuster also proposes to completely phase them out by 2028 and replace them with a new funding mechanism, such as a federal vehicle miles travelled tax, that would be recommended by a commission whose recommendation would receive an automatic vote in Congress.

To attract support from conservatives who resent the federal gas tax spending that goes toward transit and bike infrastructure, Shuster's draft also would eliminate current federal tax exemptions on diesel fuel used by transit agencies and create a 10 percent federal tax on adult bicycle tires and electric batteries for cars and bikes. Transit agencies running diesel buses would have to start paying the existing 24.5-cent per gallon diesel tax, plus the 20-cent hike on diesel as well. Agencies operating diesel trains would also be newly subject to a smaller 4.3-cent per gallon tax. The proposal would amount to a cost increase of more than $200 million annually on transit agencies for diesel alone. However, many South Bay operators use compressed natural gas would not be as dramatically affected by the proposal as those that only use diesel fuel or gasoline in their transit fleets.

On the spending side of the equation, the bill calls for significant federal investment in infrastructure projects and grant programs through at least 2021. It includes billions of dollars in grant funding, as well as trillions in appropriations for projects of national significance.

Shuster's discussion draft recommends extension of the Fixing America's Surface Transportation or FAST Act of 2015 by one year, which would repeal the $7.6 billion rescission of unobligated highway contract authority scheduled for July 2020. He also would permanently authorize the TIGER/BUILD discretionary grant program, authorize the general fund support for surface transportation seen in fiscal year 2018 appropriations, create additional project-specific grant programs that receive Congressional approval (such as the Infrastructure for Rebuilding America or INFRA program), ensure spending levels are brought up to receipts generated by the Harbor Maintenance Trust Fund, and provide $10 million in seed money for a national-level vehicle miles traveled/road user charge (VMT/RUC) pilot program. To increase the number of financing tools available for transportation infrastructure projects, Shuster's proposal would set up a public-private partnership framework and a revolving fund for federally-owned assets.

Although no Congressional committee has marked up major surface transportation legislation, Senate Environment and Public Works Chairman John Barrasso wants to do both a water infrastructure and surface transportation infrastructure bill before the end of the current session.

Federal Transit Administration Cuts Funding For Mass Transit Projects
According to the FTA's recently released annual recommendations for 2019, only $1.046 billion will be granted for capital investment projects next year, which is half of what was approved for 2018 and one-third of what the FTA recommended during Obama's last year in office. As of

May, the FTA had only released $1.3 billion of the $2.6 billion already approved by Congress for 2018 through the federal Capital Investment Grant (CIG) program and is now suggesting that it may withhold the rest of the money. If the money is not distributed by the end of 2019, it will be returned to the federal treasury.

The FTA wants to redefine which projects the federal government, as opposed to state and local governments, should be funding. The idea is to speed up investment on certain transit infrastructure, like roads and highways that cross state lines, while excluding others, mostly public transportation projects that facilitate intra-city movement.

The FTA has announced that "future investments in new transit projects would be funded by the localities that use and benefit from these localized projects." This year the FTA has only approved three projects for construction grants. The agency has withheld pending grants for eight others, including Phase 2 of New York City's Second Avenue Subway, Phoenix's South Central Light Rail, Seattle's Center City Connector, and Los Angeles's Purple Line Extension.

To further this intent, last month the Federal Transit Administration (FTA) opened up an online survey inviting state transportation departments, transit agencies, transit operators, and other stakeholders to offer their opinions by August 17th on what constitutes a "federal project."

STATE

Millions of Dollars Donated To Save SB-1 Fuel Tax Hike; Foes Raise Funds To Repeal It
Proposition 6, an initiative qualified for the November ballot that would repeal an increase to the gas tax approved last November, is generating major campaign contributions. The ballot measure would repeal an increase in the state gas tax and vehicle fees expected to raise more than $5 billion annually for road and bridge repairs and improving mass transit.

Opponents of the repeal, including construction companies, labor groups and civic organizations, have poured $11.2 million into a campaign warchest. Backers of the repeal initiative say they have raised $3.2 million. Campaign funding experts predict that $50 million to $75 million will be raised for the Nov. 6 election "given the self-interest on both sides and the amount raised to date."

CA Bill No Longer Redefines E-scooters, But Removes Helmet Requirements for Over-18
After being amended in the Senate Transportation and Housing Committee on July 5th, the e-scooter bill A.B. 2989 from Heath Flora, has been reduced to a single change in the vehicle code: it removes the requirement for adult riders of stand-up scooters to wear helmets.

Current law says riders of motorized scooters may not ride on sidewalks, may not carry passengers, may not go faster than 15 mph, and must have a driver's license—thus imposing a de facto age limit, so no one younger than 16 can legally ride them. Riders are also required to wear a helmet.

Bird, the bill's sponsor, had sought a clearer definition of what stand-up scooters are (including maximum speeds) and where they could be ridden (on sidewalks? in bike lanes?). There are already separate definitions for motorcycles, motor-driven cycles, and motorized bicycles or mopeds, as well as various classifications for e-bikes.

A.B. 2989 was originally envisioned to match the e-scooter definition to that of e-bikes—maximum speed 20 mph, no driver's license required, no helmet, with local regulations deciding whether sidewalk riding was allowed. But that didn't fly. So now the bill avoids defining standup electric scooters as a new and separate type of vehicle. They remain included under the current definition of "motorized scooters," which are designed for standing—but can have a seat; and are powered by an electric motor—or maybe some other motor, including human leg power.

According to various sources, the dockless e-scooter companies were concerned that a helmet requirement would kill their business. The companies recommend wearing a helmet while riding, and their apps and the scooters themselves remind riders that helmets are a wise idea. However, the manufacturers believe having a legal requirement to wear a helmet could lead to targeted enforcement.

The bill makes no changes to local regulatory authority in terms of registration or parking of e-scooters. The sponsors had hoped to create statewide consistency for ease of entering new markets, but for now it looks like local regulation – like recent ones in Los Angeles, Santa Monica, and San Francisco– will keep feeling their way towards a compromise.

A.B. 2989 is currently facing a vote on the Senate floor.

REGION

LA Metro Reduces Bikeshare Cost For TAP Card Users; Will Introduce Dockless Bikes
Riders no longer have to pay double the cost of a transit fare for the pleasure of pedaling around town on a Metro bike. L. A. Metro has slashed its bike-share fares to better compete with cheaper dockless bicycle and scooter alternatives offered by private companies like Lime and Bird.

Metro's new fare structure, effective in mid-July, cuts the one-time, walk-up fee for a 30-minute ride from $3.50 to $1.75, the same price as a base fare on the agency's buses and trains. Metro will also offer a $5 day pass, which allows unlimited 30-minute rides for a day. The monthly pass has been reduced from $20 to $17. The agency will also offer steep discounts to seniors, students, low-income and disabled users with $5 monthly passes and $50 annual passes.

Metro hopes the new system will be more convenient and equitable, not to mention cheaper, to attract more users. The new system will allow a full range of payment options through the TAP card exactly as if it were an extension of the transit system. Riders also will be able to transfer onto or off of bikes the same way they do with buses and trains. So within a two-hour window you could take a train and a bike or a bike and a bus for the same $1.75 fare.

Metro will soon feature the ability to pay with a TAP card, the same payment system used for buses and trains. Paying the fee using a TAP card means that riders won't have to have credit card down in order to check out a bike, which was a major barrier for those who don't have credit or bank cards or don't want to give out their card information.

Metro currently operates bike sharing in downtown L.A., Venice/West L.A., San Pedro and Pasadena. However, Pasadena will end its Metro bike sharing partnership at the end of July with plans to open the city doors to private dockless companies instead. Metro soon will expand its downtown system further south to the area around USC, transferring existing bikes from those stations that have underperformed.

By the end of the year, the program will expand to Culver City and Marina del Rey, where Metro will roll out a new bike-rental model that will not require docking at a designated station.
Much like the public systems in Santa Monica and Long Beach, the new smart bikes can be dropped off anywhere for an additional price, although there will be incentives to leave them in designated areas.

Inglewood Studies A People Mover From Metro's Crenshaw Line To New Entertainment District
The city of Inglewood on July 16th released a notice of preparation of an environmental impact report for a proposed 1.8-mile automated people mover (APM) to link the future Metro Crenshaw/LAX light-rail Inglewood Downtown Station (at La Brea / Market Street and Florence Avenue) to the Forum, the new NFL stadium and entertainment complex opening in 2020, and a possible new arena for the Los Angeles Clippers.

The APM would run from Florence Ave. along Market Street to Manchester Boulevard and then south on Prairie Avenue. It would end at the site of the Clippers' proposed Inglewood Basketball and Entertainment Center at Century Boulevard and Prairie. Each of the venues along Prairie Avenue would have its own stop.

The AMP is estimated to cost more than $600 million to build and an additional $18 million to $20 million annually to operate. No funds have been earmarked in Measure M, Metro's transportation measure passed in 2016, or Metro's Long Range Transportation Plan, for Inglewood's transit system. Inglewood officials hope to form an Enhanced Infrastructure Finance District to use incremental property tax revenues on the project. The stadium and entertainment district alone is expected to generate $1 billion in tourist spending and add up to $28 million annually to the city's general fund. Their proposal also would seek a public-private partnership to cover some of the costs.

TRENDS

Electric Scooter and Bike Entrepreneurial Firms Undergoing Consolidation
Entrepreneurial consolidation is beginning to occur at a dizzying rate in the shared scooter bike space. Google's parent company, Alphabet, as well as GV, Alphabet's venture-investment arm, are reportedly joining a $300 million funding round for electric-scooter start-up Lime. Lime, which was founded a year ago, will be valued at $1.1 billion once the round closes.

In throwing its weight behind Lime, Google has provided Lime with a major new ally in its competition with Bird, the other heavy hitter in the electric-scooter universe, which last month raised more than $400 million based on a *$2 billion* valuation.

Uber acquired bike-sharing start-up Jump last April, and on July 2nd Lyft bought Motivate, which operates Citi Bike. Motivate accounts for 80 percent of bike-share trips in the U.S. It operates not just New York's Citi Bike but also Ford's GoBike in San Francisco, Capital Bikeshare in D.C., Nice Ride Minnesota in Minneapolis and systems in Chicago, Boston, Portland, Oregon, and Columbus, Ohio.
Ride-hailing companies have indicated they want to make their apps one-stop shops for mobility, enabling users to select a destination and use the appropriate mode of transportation — whether solo or pooled ride, bike or scooter — to get there. Ultimately, they don't really care how you get around, so long as you're doing it on their platform. And their strategy seems to be working.

Uber is finding that new Jump users were most likely to choose bikes during hours of congestion, and cars during off-peak hours. Uber and Jump anticipated that, figuring that passengers would seek alternatives to slogging through gridlock in a car. As of July 1, overall trips by new Jump riders on the Uber platform climbed 15%, even as their trips in cars and SUVs declined 10%. The greatest shift away from cars occurred each weekday between 8 a.m. and 6 p.m., when traffic congestion is at its worst.

While ride-hailing companies might have an interest in consolidating and rebranding the bikes and scooters under their own corporate logos, it could be a tricky prospect because cities have existing contracts with corporate sponsors. Lyft says sponsorship agreements will remain in place in the short term. And Ofo, the Beijing-based company that is the world's largest bike-sharing entity — told U.S. employees that it would be downsizing its workforce to outposts in a handful of cities. The company has been operating in about 30 U.S. cities, but is withdrawing from all but a few due to concerns about increased local city bans and regulations and increased competition from Uber and Lyft.

Will Autonomous Cars Increase Congestion?

As the era of driverless cars looms, a new study out of Boston suggests the vehicles may increase traffic congestion in cities' downtown areas while dramatically improving traffic conditions in the suburbs. And a recent study documented the net growth of vehicle miles travelled in 9 urban centers due to shared-ride vehicles.

The driverless vehicle survey by the World Economic Forum and Boston Consulting Group is based on a simple premise: As the cost of using services such as Uber and Lyft falls because the companies no longer need to pay drivers, people who now take mass transit will instead opt for door-to-door service rather than the bus or subway. And though ride hailing fleets may reduce the number of private cars on the road, the driverless ride-hailing vehicles will operate 12 hours per day.

The study underscores that unless you put the right policies in place to actively manage the adoption of [autonomous vehicles], congestion might actually get worse.The answer is that those pricing and operating policies must encourage commuters to share autonomous vehicles provided by ride-hailing companies when travelling between the suburbs and urban centers.

The situation will be very different in most suburbs, the study found, where ride-hailing services will mainly replace the use of personal cars rather than mass transit, with travel time decreasing by 12.1% due to the elimination of wait times and transfers.

The commuter trade-off is fighting bumper-to-bumper traffic and paying $30 for parking in the city every day versus paying $30 in the ride service instead of parking and using the time productively. However, current transit riders that pay $6 per day for their commute trip are unlikely to spend $30 a day.

The report surveyed 5,500 drivers in 27 cities around the world, finding that slightly more than half of Americans said they want to ride in a driverless car. In two countries where the number of cars has skyrocketed in recent years — China and India — 75% to 85% of people said they would welcome autonomous vehicles.

Another recent study by Bruce Schaller, author of the influential study "Unsustainable?," concluded that ride sharing has added 5.7 billion vehicle miles to nine major urban areas over six years and the trend is "likely to intensify" as the popularity of the services surges. Schaller synthesized data from surveys in eight cities and the state of California to conclude 60% of ride-hail users would have otherwise used transit, walked, biked or stayed home were it not for the availability of services such as Uber and Lyft. The nine cities studied were Los Angeles, San Francisco, New York, Chicago, Boston, Washington, Miami, Philadelphia and Seattle.

"Shared rides add to traffic because most users switch from non-auto modes," the report says. "In addition, there is added mileage between trips as drivers wait for the next dispatch and then drive to a pickup location. Finally, even in a shared ride, some of the trip involves just one passenger (e.g., between the first and second pickup.)

Introducing A Frequent Flyer Program For Ground Transportation

A new startup called Miles on July 24th launched an app that cities could use to reward users for engaging in sustainable transportation. Positioned as a sort-of frequent flyer-style program: doling out points, or miles, for walking, running, biking, using ride-hailing services and accessing public transportation, the idea is that the more eco-friendly the transportation is, the more points a user can earn. The points can then be redeemed for goods such as a cup of coffee from Starbucks or a gift card from Amazon. Cities and companies can work with Miles to engage users of the app.

The secret to the program is an artificial intelligence platform that can predict, pretty accurately, users' modes of transportation without much manual input. A user downloads the app, and it sits in the background of the phone and logs movement It is able to determine if the user is walking, running or driving a car. The app also can connect with Lyft and Uber accounts to seamlessly tap into that ride-hailing data. And it can reward its users for taking trips in off peak hours. At launch time, the Miles app was offering rewards from Whole Foods, Amazon, Target, Starbucks and a range of others including free transit rides.

The first region that Miles is working with is the Contra Costa Transportation Authority in the San Francisco Bay Area, which manages transportation planning for East Bay cities in Contra Costa County.